

GREENE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

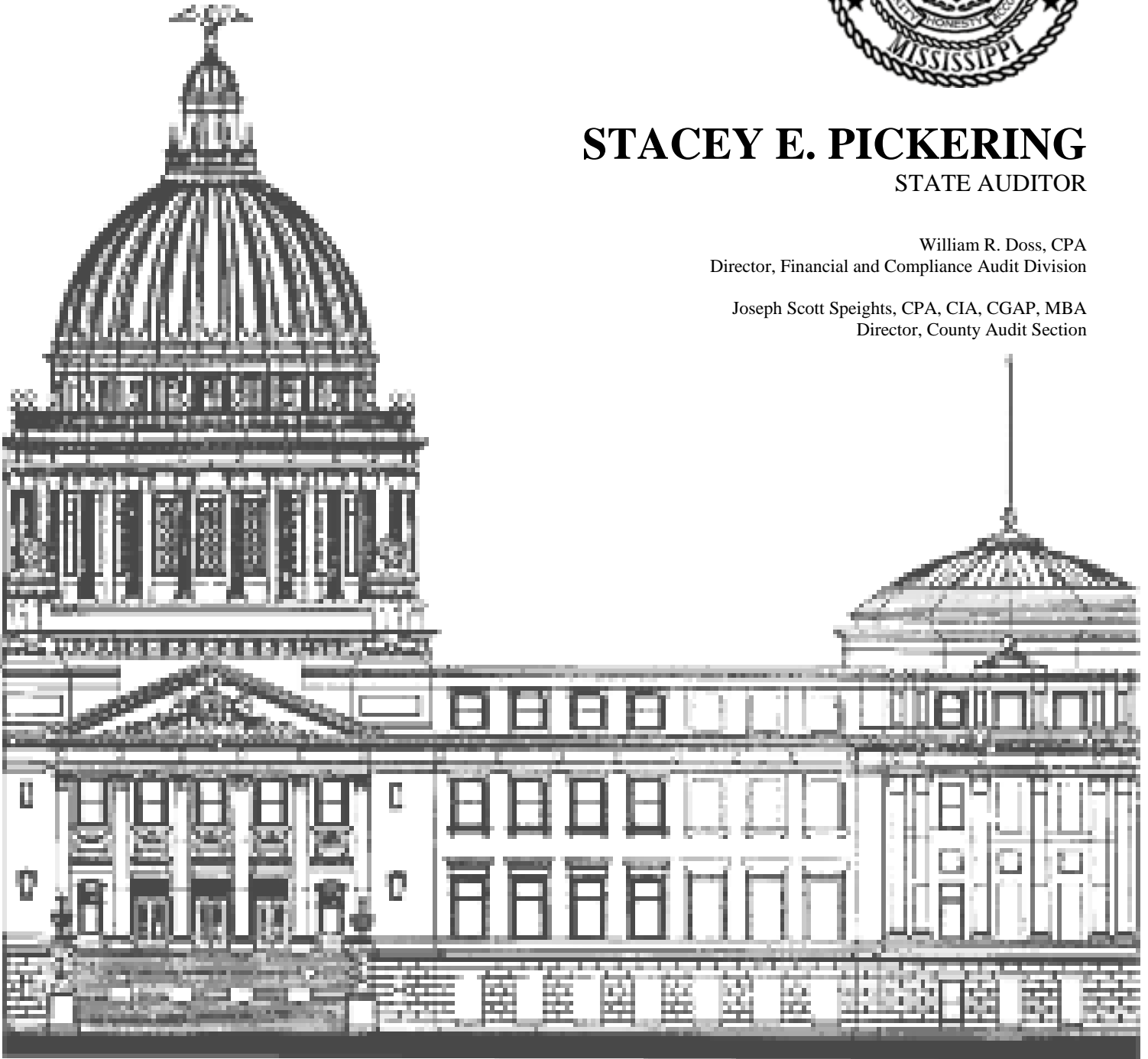


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

October 30, 2014

Members of the Board of Supervisors
Greene County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Greene County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Greene County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Greene County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

GREENE COUNTY

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GREENE COUNTY

FINANCIAL SECTION

GREENE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Greene County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Greene County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Solid Waste Fund

As discussed in Note 1 (I) to the financial statements, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets in the governmental activities, business-type activities and the solid waste fund. Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness and valuation of capital assets including the County's capital assets, including, infrastructure, and also that the depreciation on capital assets, be adequately documented. The amount by which this departure would affect the assets and expenses on the governmental activities, business-type activities and solid waste fund is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Solid Waste Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and Solid Waste Fund of Greene County, Mississippi, as of September 30, 2013, and the change in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund, District Five Road Fund, Bonds for Construction of Hospital 2011 Fund, and the aggregate remaining fund information of Greene County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Greene County, Mississippi, has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

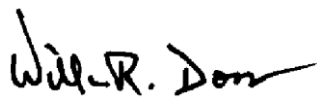
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of Greene County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greene County, Mississippi's internal control over financial reporting and compliance.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 30, 2014

GREENE COUNTY

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GREENE COUNTY

FINANCIAL STATEMENTS

GREENE COUNTY

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GREENE COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,388,394	14,956	3,403,350
Restricted assets - Investments	471,543		471,543
Property tax receivable	5,179,844		5,179,844
Accounts receivable (net of allowance for uncollectibles of \$211,977)		199,332	199,332
Fines receivable (net of allowance for uncollectibles of \$305,361)	236,438		236,438
Intergovernmental receivables	65,330		65,330
Other receivables	4,732		4,732
Internal balances	15,313	(15,313)	
Deferred charges - bond issuance costs	243,801		243,801
Capital assets:			
Land and construction in progress	133,458	6,040	139,498
Other capital assets, net	10,473,169	335,272	10,808,441
Total Assets	20,212,022	540,287	20,752,309
LIABILITIES			
Claims payable	70,289	10,857	81,146
Intergovernmental payables	177,135		177,135
Accrued interest payable	81,668		81,668
Deferred revenue	5,179,844		5,179,844
Unearned revenue		44,869	44,869
Long-term liabilities			
Due within one year:			
Capital debt	495,497	35,652	531,149
Non-capital debt	100,100		100,100
Due in more than one year:			
Capital debt	6,534,414	157,771	6,692,185
Non-capital debt	975,000		975,000
Total Liabilities	13,613,947	249,149	13,863,096
NET POSITION			
Net investment in capital assets	3,576,716	147,889	3,724,605
Restricted for:			
Expendable:			
General government	37,648		37,648
Public safety	73,535		73,535
Public works	1,692,276	143,249	1,835,525
Health and welfare	977,650		977,650
Education	611		611
Economic development	270		270
Debt service	494,312		494,312
Unrestricted	(254,943)		(254,943)
Total Net Position	\$ 6,598,075	291,138	6,889,213

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,823,511	348,619	47,072		(2,427,820)		(2,427,820)
Public safety	1,386,148	106,460	154,107		(1,125,581)		(1,125,581)
Public works	2,878,331		917,608	270,238	(1,690,485)		(1,690,485)
Health and welfare	2,525,613		265		(2,525,348)		(2,525,348)
Culture and recreation	82,253				(82,253)		(82,253)
Education	39,971				(39,971)		(39,971)
Conservation of natural resources	138,263				(138,263)		(138,263)
Economic development and assistance	4,570				(4,570)		(4,570)
Interest on long-term debt	244,724				(244,724)		(244,724)
Total Governmental Activities	<u>10,123,384</u>	<u>455,079</u>	<u>1,119,052</u>	<u>270,238</u>	<u>(8,279,015)</u>		<u>(8,279,015)</u>
Business-type activities:							
Solid Waste	619,298	553,063	340			(65,895)	(65,895)
Total Business-type Activities	<u>619,298</u>	<u>553,063</u>	<u>340</u>			<u>(65,895)</u>	<u>(65,895)</u>
Total Primary Government	<u>\$ 10,742,682</u>	<u>1,008,142</u>	<u>1,119,392</u>	<u>270,238</u>	<u>(8,279,015)</u>	<u>(65,895)</u>	<u>(8,344,910)</u>
General revenues:							
Property taxes					\$ 4,920,356	152,128	5,072,484
Road & bridge privilege taxes					135,680		135,680
Grants and contributions not restricted to specific programs					421,379		421,379
Unrestricted rental income					476,500		476,500
Unrestricted interest income					48,369		48,369
Miscellaneous					280,020	61,989	342,009
Total General Revenues					<u>6,282,304</u>	<u>214,117</u>	<u>6,496,421</u>
Changes in Net Position					<u>(1,996,711)</u>	<u>148,222</u>	<u>(1,848,489)</u>
Net Position - Beginning, as previously reported					12,001,294	130,391	12,131,685
Prior period adjustments					<u>(3,406,508)</u>	<u>12,525</u>	<u>(3,393,983)</u>
Net Position - Beginning, as restated					<u>8,594,786</u>	<u>142,916</u>	<u>8,737,702</u>
Net Position - Ending					<u>\$ 6,598,075</u>	<u>291,138</u>	<u>6,889,213</u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	Major Funds				
	General Fund	District Five Road Fund	Bonds for Construction of Hospital 2011 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 432,248	672,440	984,114	1,299,592	3,388,394
Restricted assets - investments			471,543		471,543
Property tax receivable	2,521,050	333,811	182,071	2,142,912	5,179,844
Fines receivable (net of allowance for uncollectibles of \$305,361)	236,438				236,438
Intergovernmental receivables	65,330				65,330
Other receivables	4,732				4,732
Due from other funds	49,965	14,402	1,132	113,223	178,722
Advances to other funds	262,703	114,035		145,910	522,648
Total Assets	\$ 3,572,466	1,134,688	1,638,860	3,701,637	10,047,651
LIABILITIES					
Liabilities:					
Claims payable	\$ 37,449	2,656	7,596	22,588	70,289
Intergovernmental payables	218,547				218,547
Due to other funds	93,440	292		45,336	139,068
Advances from other funds	93,438	28,846		383,293	505,577
Deferred revenue	2,757,488	333,811	182,071	2,142,912	5,416,282
Total Liabilities	\$ 3,200,362	365,605	189,667	2,594,129	6,349,763
Fund balances:					
Nonspendable:					
Advances	262,703				262,703
Restricted for:					
General government				37,648	37,648
Public safety				73,535	73,535
Public works		769,083		923,193	1,692,276
Health and welfare			977,650		977,650
Education				611	611
Economic development and assistance				270	270
Debt service			471,543	104,437	575,980
Unassigned	109,401			(32,186)	77,215
Total Fund Balances	\$ 372,104	769,083	1,449,193	1,107,508	3,697,888
Total Liabilities and Fund Balances	\$ 3,572,466	1,134,688	1,638,860	3,701,637	10,047,651

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2013

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,697,888
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$0.	10,606,627
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	236,438
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,105,011)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(81,668)
Deferred charges - bond issuance costs	<u>243,801</u>
Total Net Position - Governmental Activities	\$ <u><u>6,598,075</u></u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY

Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2013

	Major Funds			Other	Total
	General	District Five	Bonds for	Governmental	Governmental
	Fund	Road Fund	Construction of	Funds	Funds
			Hospital 2011 Fund		
REVENUES					
Property taxes	\$ 2,402,887	324,215	75,112	2,118,142	4,920,356
Road and bridge privilege taxes		27,136		108,544	135,680
Licenses, commissions and other revenue	132,371				132,371
Fines and forfeitures	266,993			21,192	288,185
Intergovernmental revenues	192,004	296,287		1,322,378	1,810,669
Charges for services	4,552			110,127	114,679
Interest income	44,107		4,262		48,369
Miscellaneous revenues	602,206			22,757	624,963
Total Revenues	3,645,120	647,638	79,374	3,703,140	8,075,272
EXPENDITURES					
Current:					
General government	2,711,710			111,801	2,823,511
Public safety	791,381			594,767	1,386,148
Public works		740,294		2,963,393	3,703,687
Health and welfare	86,298		2,439,315		2,525,613
Culture and recreation	76,996			5,257	82,253
Education				39,971	39,971
Conservation of natural resources	138,263				138,263
Economic development and assistance				4,570	4,570
Debt service:					
Principal	16,723	318,962		818,870	1,154,555
Interest	314	14,366	181,588	106,532	302,800
Total Expenditures	3,821,685	1,073,622	2,620,903	4,645,161	12,161,371
Excess of Revenues over (under) Expenditures	(176,565)	(425,984)	(2,541,529)	(942,021)	(4,086,099)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued		374,070		651,286	1,025,356
Proceeds from sale of capital assets	31,154	286,039		262,280	579,473
Transfers in	11,026			64,347	75,373
Transfers out	(64,347)			(11,026)	(75,373)
Total Other Financing Sources and Uses	(22,167)	660,109	0	966,887	1,604,829
Net Changes in Fund Balances	(198,732)	234,125	(2,541,529)	24,866	(2,481,270)
Fund Balances - Beginning, as previously reported	570,836	534,958	3,990,722	1,390,492	6,487,008
Prior period adjustments				(307,850)	(307,850)
Fund Balances - Beginning, as restated	570,836	534,958	3,990,722	1,082,642	6,179,158
Fund Balances - Ending	\$ 372,104	769,083	1,449,193	1,107,508	3,697,888

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (2,481,270)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$825,356 exceeded depreciation of \$0 in the current period.	825,356
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$131,564 and the proceeds from the sale of \$ 579,473 in the current period.	(447,909)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(80,156)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,154,555 exceeded debt proceeds of \$1,025,356.	129,199
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable.	78,788
The amortization of bond issuance costs.	(15,896)
The amortization of bond discount	<u>(4,823)</u>
Change in Net Position of Governmental Activities	\$ <u><u>(1,996,711)</u></u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2013

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 14,956
Accounts receivable (net of allowance for uncollectibles of \$211,977)	199,332
Due from other funds	<u>2,273</u>
Total Current Assets	<u>216,561</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	6,040
Other capital assets, net	<u>335,272</u>
Total Noncurrent Assets	<u>341,312</u>
Total Assets	<u>557,873</u>
LIABILITIES	
Current liabilities:	
Claims payable	10,857
Due to other funds	4,038
Advances from other funds	13,548
Unearned revenue	44,869
Capital debt:	
Capital leases payable	<u>35,652</u>
Total Current Liabilities	<u>108,964</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	<u>157,771</u>
Total Noncurrent Liabilities	<u>157,771</u>
NET POSITION	
Net investment in capital assets	147,889
Restricted for:	
Public works	<u>143,249</u>
Total Net Position	<u>\$ 291,138</u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2013

	Business-type Activities - <u>Enterprise Fund</u> Solid Waste Fund
Operating Revenues	
Charges for services	\$ 553,063
Miscellaneous	6,510
Total Operating Revenues	<u>559,573</u>
Operating Expenses	
Personal services	276,328
Contractual services	144,472
Materials and supplies	181,068
Depreciation expense	52,191
Indirect administrative cost	4,038
Total Operating Expenses	<u>658,097</u>
Operating Income (Loss)	<u>(98,524)</u>
Nonoperating Revenues (Expenses)	
Property tax	152,128
Interest expense	(3,767)
Intergovernmental grants	340
Gain (loss) on sale of capital assets	98,045
Net Nonoperating Revenue (Expenses)	<u>246,746</u>
Net Income (Loss)	<u>148,222</u>
Changes in Net Position	<u>148,222</u>
Net Position - Beginning, as previously stated	130,391
Prior period adjustment	12,525
Net Position - Beginning, as restated	<u>142,916</u>
Net Position - Ending	<u>\$ 291,138</u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2013

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 453,540
Payments to suppliers	(330,913)
Payments to employees	(276,328)
Other miscellaneous operating cash receipts	51,180
Net Cash Provided (Used) by Operating Activities	<u>(102,521)</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	340
Cash received from property taxes	152,128
Net Cash Provided (Used) by Noncapital Financing Activities	<u>152,468</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	214,793
Proceeds from sale of capital assets	7,900
Acquisition and construction of capital assets	(284,393)
Principal paid on long-term debt	(57,375)
Interest paid on debt	(3,767)
Compensation for loss of capital assets	75,538
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,304)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,643
Cash and Cash Equivalents at Beginning of Year	<u>12,313</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,956</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (98,524)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	52,191
Provision for uncollectible accounts	117,611
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(217,134)
(Increase) decrease in due from other funds	(199)
Increase (decrease) in claims payable	(5,373)
Increase (decrease) in unearned revenue	44,869
Increase (decrease) in due to other funds	(9,510)
Increase (decrease) in advances from other funds	13,548
Total Adjustments	<u>(3,997)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (102,521)</u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 8

		Agency Funds
ASSETS		
Cash	\$	68,038
Due from other funds		6,579
Other receivables		3,523
Total Assets	\$	<u>78,140</u>
LIABILITIES		
Intergovernmental payables	\$	30,149
Due to other funds		44,468
Advances from other funds		3,523
Total Liabilities	\$	<u>78,140</u>

The notes to the financial statements are an integral part of this statement.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Greene County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Greene County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

District Five Road Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance of District Five.

Bonds for Construction of Hospital 2011 Fund – This fund is used to account for bond proceeds and subsequent expenditures in relation to the construction of hospital facilities.

The County reports the following major Enterprise Fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds."

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

H. Restricted Assets.

Governmental Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County’s governmental fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “capitalized interest” account is funded by bank bond proceeds and is used to pay the related interest due on revenue bonds prior to the completion of construction of the project. The “debt service reserve” account is used to report resources set aside to subsidize potential deficiencies from the County’s operation that could adversely affect debt service payments. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities or business-type activities column in the government-wide financial statements. The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County’s capital assets, including infrastructure, or records documenting depreciation on applicable assets. Also, capital assets do not include any amounts for infrastructure. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Greene County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. Furthermore, capital assets do not include any amounts for infrastructure.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County’s financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year’s depreciation expense is taken for all purchases and sales of capital assets during the year.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

L. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

N. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee benefits; however, adequate records are not maintained for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

O. Changes in Accounting Standards.

The County implemented the following standards issued by Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The provisions of these standards have been incorporated into the financial statements and the notes.

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities-Governmental Activities

Explanation	Amount
To remove fund balance from Special Revenue funds for tax levy collected on behalf of another government that should be reflected in agency funds.	\$ 312,437
To correct revenue that should have been accrued in prior year in order to fulfill federal grant requirements for matching of revenues and expenditures	(4,587)
To correct errors from incorrect recording of capital assets in the prior period	3,098,658
Total prior period adjustments	\$ <u>3,406,508</u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To remove fund balance from Special Revenue funds for tax levy collected on behalf of another government that should be reflected in agency funds.	\$ 312,437
To correct revenue that should have been accrued in prior year in order to fulfill federal grant requirements for matching of revenues and expenditures	(4,587)
Total prior period adjustments	\$ <u>307,850</u>

Exhibit 2 - Statement of Activities-Business-type Activities

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

Explanation	Amount
To correct errors from incorrect recording of capital assets in the prior period	\$ <u>(12,525)</u>

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$3,471,388, and the bank balance was \$4,493,402. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Greene County Rural Health Center.

Investments balances at September 30, 2013, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of deposit	Two Years	\$ <u>471,543</u>	None

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Bank certificates of deposit above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	District Five Road Fund	\$ 292
General Fund	Other Governmental Funds	1,167
General Fund	Solid Waste	4,038
General Fund	Agency Funds	44,468
District Five Road Fund	General Fund	14,402
Bonds for Construction of Hospital 2011 Fund	General Fund	1,132
Other Governmental Funds	General Fund	69,902
Other Governmental Funds	Other Governmental Funds	43,321
Solid Waste	General Fund	2,273
Agency Funds	General Fund	5,729
Agency Funds	Other Governmental Funds	850
Total		<u>\$ 187,574</u>

The interfund receivable balance consists of the following items:

- Tax revenue collected but not settled until October, 2013.
- Indirect administrative cost charged to solid waste by the general fund
- Loan made by the general fund to payroll clearing to ensure the availability of funds.
- The receivables represent an error in posting revenue during the year.
- The receivables represent an error in posting debt service expenses during the year.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	District Five Road Fund	\$ 23,519
General Fund	Other Governmental Funds	222,114
General Fund	Solid Waste	13,548
General Fund	Agency Funds	3,523
District Five Road Fund	General Fund	4,066
District Five Road Fund	Other Governmental Funds	109,969
Other Governmental Funds	General Fund	89,372
Other Governmental Funds	District Five Road Fund	5,327
Other Governmental Funds	Other Governmental Funds	51,210
Total		<u>\$ 522,648</u>

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

The interfund advances balance consists of the following items:

- a. Operating loans made from the General Fund to other governmental funds.
- b. An operating loan made by the General Fund to the Solid Waste Fund.
- c. Operating loans made from the General Fund to an agency fund to cover payroll for a former Chancery Clerk
- d. A receivable created due to a transfer made from the payroll clearing fund to the General Fund.
- e. Interfund expenses and revenues charged to the incorrect fund.

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 11,026
Other Governmental Funds	General Fund	64,347
Total		<u>\$ 75,373</u>

The principal purpose of the transfers was to reimburse certain funds for posting errors made during current year, normal operating transfers and to reimburse the General Fund for indirect administrative costs of solid waste. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ <u>65,330</u>

(6) Restricted Assets.

The balances of the restricted asset accounts in the Bonds for Construction of Hospital 2011 Fund are as follows:

Capitalized interest	\$ 93,882
Debt service reserve	<u>377,661</u>
Total restricted assets	<u>\$ 471,543</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 266,998			(133,540)	133,458
Total non-depreciable capital assets	<u>266,998</u>			<u>(133,540)</u>	<u>133,458</u>

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
Depreciable capital assets:					
Buildings	3,132,664			(229,543)	2,903,121
Improvements other than buildings	388,349			(388,349)	
Mobile equipment	6,676,577			(2,419,224)	4,257,353
Furniture and equipment	635,117			189,221	824,338
Leased property under capital leases	2,228,133	825,356	447,909	(117,223)	2,488,357
Total depreciable capital assets	13,060,840	825,356	447,909	(2,965,118)	10,473,169
Less accumulated depreciation for:					
Buildings					
Improvements other than buildings					
Mobile equipment					
Furniture and equipment					
Leased property under capital leases					
Total accumulated depreciation	0	0	0	0	0
Total depreciable capital assets, net	13,060,840	825,356	447,909	(2,965,118)	10,473,169
Governmental activities capital assets, net	\$ 13,327,838	825,356	447,909	(3,098,658)	10,606,627

See Note 1(I) for additional discussion regarding governmental activities capital assets.

*Adjustment in governmental activities consist of \$117,223 in capital leases that were paid off in the current year; the remaining balance of adjustments were the result of prior period adjustments.

Business-type activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Non-depreciable capital assets:					
Land	\$			6,040	6,040
Total non-depreciable capital assets	0	0	0	6,040	6,040
Depreciable capital assets:					
Buildings				50,000	50,000
Mobile equipment	596,650		353,237	190,579	433,992
Furniture and equipment				10,000	10,000
Leased property under capital leases	223,094	284,393		(223,094)	284,393
Total depreciable capital assets	819,744	284,393	353,237	27,485	778,385

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
<u>Less accumulated depreciation for:</u>					
Buildings		1,000		12,000	13,000
Mobile equipment	536,984		367,844	200,782	369,922
Furniture and equipment				9,000	9,000
Leased property under capital leases	200,782	51,191		(200,782)	51,191
Total accumulated depreciation	737,766	52,191	367,844	21,000	443,113
 Total depreciable capital assets, net	81,978	232,202	(14,607)	6,485	335,272
 Business-type activities					
capital assets, net	\$ 81,978	232,202	(14,607)	12,525	341,312

See Note 1(I) for additional discussion regarding Business-Type activities capital assets.

Adjustments in Business-Type activities consist of \$200,782 in capital leases that were paid off in the current year; the remaining balance of adjustments were the result of prior period adjustments

Depreciation expense was charged to the following functions:

Solid Waste Fund	\$ 52,191
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Commitments with respect to unfinished capital projects at September 30, 2013, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Green County Hospital expansion project	\$ 1,251,198	07/01/2014

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

(9) Operating Leases.

Greene County entered into a lease agreement with George Regional Health System dated October 22, 2007. George Regional Health System leased the premises of Greene County Hospital for the purpose of operating the health care facility, including, but not limited to, a Hospital, twenty-four hour emergency department and a nursing home.

The lease commenced on August 1, 2008 and terminates on December 31, 2017. The annual rental, for the first five years, shall be \$498,000 payable in twelve equal installments in advance on the first day of each month for that month's rental. The annual rent, for years 6-10, shall increase by \$5,000 per year wherein the annual rental shall total \$503,000 for year 6, \$508,000 for year 7, \$513,000 for year 8, \$518,000 for year 9 and \$523,000 for year 10.

The lease contains two options to renew for an additional period of ten years each, for a total of twenty years after the initial term at a rental equaling the amount of the initial rent, plus the compounded annual adjustments, which said adjustments (said adjustment being an increase of \$5,000 per year) shall continue through the initial term and each renewal lease to be in the same as those in this lease agreement. The parties agree that this agreement shall automatically renew or extend for a period of ten years after the initial term in accordance with the agreement, unless George Regional Health Facility gives the County written notice of its intention to terminate this lease agreement at least ninety days before the lease agreement expires.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$476,500 for the year ended September 30, 2013. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>		<u>Amount</u>
2014	\$	503,833
2015		508,833
2016		513,833
2017		518,833
2018		435,833
Total Minimum Payments Required	\$	<u>2,481,165</u>

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 2,488,357	284,393
Less: Accumulated depreciation		<u>51,191</u>
Leased Property Under Capital Leases	\$ <u>2,488,357</u>	<u>233,202</u>

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

The following is a schedule by years of the total payments due as of September 30, 2013:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 415,986	45,001	35,652	4,604
2015	1,212,454	28,300	36,546	3,709
2016	352,180	4,348	121,225	1,279
2017	8,931	1,250		
2018	59,346	286		
2019-2023	1,697	192		
Total	\$ 2,050,594	79,377	193,423	9,592

(11) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Katrina Loan Refunding Bonds, Series 2010	\$ 1,075,100	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Building)	270,000	3.75%	01/2020
Total General Obligation Bonds	\$ 1,345,100		
B. Limited Obligation Bonds:			
Taxable Special Obligation Bonds	\$ 4,550,000	4.86%	11/2031
C. Capital Leases:			
Backhoe	\$ 39,211	3.39%	04/2014
Motorgrader	23,462	3.39%	05/2014
Mack Dump Truck	17,257	3.25%	07/2014
Wheel Loader	58,816	3.07%	07/2014
Ford F-150 Truck	7,335	3.35%	05/2014
Motorgrader	186,129	3.00%	03/2014
Excavator	154,487	1.78%	09/2014
Motorgrader	177,328	3.00%	04/2014
Ford F-150 Truck	20,662	3.04%	04/2014
Backhoe	77,799	3.00%	07/2014
Kubota Tractor	21,623	3.04%	08/2014
Excavator	154,510	1.78%	09/2014
Ford F550 Truck	19,064	3.04%	04/2014
Motorgrader	177,282	3.00%	04/2014
Motorgrader	178,500	3.00%	07/2014
Backhoe	95,992	1.89%	12/2014

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Motorgrader	104,792	1.89%	01/2014
(2) John Deere Tractors	106,138	1.81%	02/2014
John Deere Tractor	53,069	1.81%	02/2014
(2) John Deere Tractors	106,138	1.81%	02/2014
Motorgrader	237,203	1.74%	07/2014
Backhoe	33,797	2.15%	07/2014
Total Capital Leases	<u>\$ 2,050,594</u>		
D. Other Loans:			
Fire Truck Loan	\$ 9,737	2.00%	01/2014
Loan – Singing River	<u>236,388</u>		07/2014
Total Other Loans	<u>\$ 246,125</u>		

Business-type Activities:

A. Capital Leases:			
Mack Garbage Tuck	\$ 173,025	2.69%	02/2014
Ford F-150 Truck	<u>20,398</u>	1.73%	05/2014
Total Capital Leases	<u>\$ 193,423</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 134,100	54,077		181,588
2015	140,500	48,316	190,000	181,587
2016	146,100	42,300	195,000	179,213
2017	151,800	36,045	200,000	175,800
2018	158,700	29,526	205,000	171,300
2019 – 2023	613,900	50,445	1,105,000	766,250
2024 – 2028			1,335,000	536,100
2029 – 2033			<u>1,320,000</u>	<u>177,712</u>
Total	<u>\$ 1,345,100</u>	<u>260,709</u>	<u>4,550,000</u>	<u>2,369,550</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2013, the amount of outstanding debt was equal to 1.19% of the latest property assessments.

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013
Governmental Activities:					
General obligation bonds	\$ 6,024,100		129,000	(4,550,000)	1,345,100
Limited obligation bonds				4,550,000	4,550,000
Less:					
Discounts	(178,082)		(4,823)	86,451	(86,808)
Capital leases	1,850,642	825,356	625,403	(1)	2,050,594
Other loans	446,277	200,000	400,152		246,125
Total	<u>8,142,937</u>	<u>1,025,356</u>	<u>1,149,732</u>	<u>86,450</u>	<u>8,105,011</u>
Business-type Activities:					
Capital leases	\$ <u>36,005</u>	<u>214,793</u>	<u>53,715</u>	<u>(3,660)</u>	<u>193,423</u>

The adjustments column represents an adjustment of bond issuance costs previously recorded as bond discounts in the amount of \$86,450 and the current year amortization of bond discount costs in the amount of \$4,823. The other adjustment in the amount of \$4,550,000 is the result of the limited obligations bonds being presented in the prior year as general obligation bonds in error.

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2013:

Fund	Deficit Amount
DUI Grant Fund	\$ 14,350
Forestry Commission Grant – Fuel Reduction	735
Homeland Security – Public Safety	25,760
Museum Archives & History Grant	40,674
Bridge & Culvert District 2	17,859
	<u>99,378</u>

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

General Obligation Debt Contingencies - The County guaranteed notes to provide funds for constructing a satellite campus for Jones County Junior College. Such debt is being retired from an ad valorem tax levied on the citizens of Greene County on behalf of Jones County Junior College and, therefore, is not reported as a liability of the County. However, because the notes are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Balance at Sept. 30, 2013
USDA Note	\$ 479,630
Singing River Note	132,000
Total	<u>\$ 611,630</u>

(14) Joint Ventures.

The County participates in the following joint ventures:

Greene County, Mississippi is a participant with the Counties of Covington, Perry and Stone in a joint venture, authorized by section 39-3-9, Miss. Code Ann. (1972), to operate the Pine Forest Regional Library. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. Each County appoints one board member and may appoint two at the discretion of the County. By contractual agreement the County's appropriation to the joint venture was \$65,000. Complete financial statements for the Pine Forest Regional Library can be obtained from P. O. Box 1208; Richton, MS 39476.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Greene County Board of Supervisors appoints one of nine members of the board of directors. There is no ongoing financial interest or responsibility for the appointing authorities. The County appropriated \$32,354 for support of the district in fiscal year 2013.

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Greene County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$3,600 for support of the district in fiscal year 2013.

Pine Belt Mental Health Care Resources operates in a district composed of the counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Greene County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$21,000 for support of the entity in fiscal year 2013.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Greene County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$382,040 for maintenance and support of the college in fiscal year 2013.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the board of supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Hancock and Harrison. The agency's board is composed of 24 members, one each appointed by the Counties of George, Greene, Hancock and Harrison, and the Cities of Bay St. Louis, Biloxi, Gulfport and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provide only a modest amount of financial support when the grants require matching funds.

(16) Defined Benefit Pension Plan.

Plan Description. Greene County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$358,546, \$299,688 and \$273,822, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Greene County evaluated the activity of the County through October 30, 2014, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2013, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
10/22/2013	2.14%	\$	69,600	Capital Lease	Ad Valorem Taxes
11/14/2013	1.55%		30,000	Capital Lease	Ad Valorem Taxes
11/15/2013	1.55%		50,154	Capital Lease	Ad Valorem Taxes
12/20/2013	5.75%		24,745	Capital Lease	Ad Valorem Taxes
01/10/2014	1.95%		25,750	Capital Lease	Ad Valorem Taxes
03/07/2014	1.89%		39,116	Capital Lease	Ad Valorem Taxes
03/13/2014	2.10%		95,010	Capital Lease	Ad Valorem Taxes
04/15/2014	2.75%		140,000	Capital Loan	Ad Valorem Taxes
04/14/2014	2.25-3.20%		700,000	Capital Loan	Ad Valorem Taxes
05/07/2014	1.95%		46,997	Capital Lease	Ad Valorem Taxes
08/26/2014	1.95%		93,727	Capital Lease	Ad Valorem Taxes

GREENE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY

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GREENE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,391,150	2,435,646	2,435,646	
Sales and miscellaneous taxes			399,364	399,364
Licenses, commissions and other revenue	130,800	127,375	127,375	
Fines and forfeitures	250,000	266,993	266,993	
Intergovernmental revenues	255,600	182,176	182,176	
Charges for services	10,000	4,552	4,552	
Interest income	80,000	44,279	44,279	
Miscellaneous revenues	582,000	656,463	656,463	
Total Revenues	<u>3,699,550</u>	<u>3,717,484</u>	<u>4,116,848</u>	<u>399,364</u>
EXPENDITURES				
Current:				
General government	2,514,633	2,831,441	2,831,441	
Public safety	842,362	782,463	781,338	1,125
Health and welfare	971,414	901,545	901,546	(1)
Culture and recreation	78,606	76,783	76,783	
Conservation of natural resources	23,107	135,682	135,682	
Economic development and assistance	20,000			
Debt service:				
Principal		16,723	16,723	
Interest		314	314	
Bond issue costs				
Total Expenditures	<u>4,450,122</u>	<u>4,744,951</u>	<u>4,743,827</u>	<u>1,124</u>
Excess of Revenues over (under) Expenditures	<u>(750,572)</u>	<u>(1,027,467)</u>	<u>(626,979)</u>	<u>400,488</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			31,154	31,154
Transfers in		387,789	356,635	(31,154)
Transfers out		(14,348)	(14,347)	1
Total Other Financing Sources and Uses	<u>0</u>	<u>373,441</u>	<u>373,442</u>	<u>1</u>
Net Change in Fund Balance	(750,572)	(654,026)	(253,537)	400,489
Fund Balances - Beginning	<u>570,836</u>	<u>570,836</u>	<u>570,836</u>	
Fund Balances - Ending	<u>\$ (179,736)</u>	<u>(83,190)</u>	<u>317,299</u>	<u>400,489</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

GREENE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Five Road Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 328,811	316,406	316,406	
Road & Bridge Privilege Tax		27,137	27,137	
Licenses, commissions and other revenue		448	448	
Fines and forfeitures			3,079	3,079
Intergovernmental revenues	200,000	296,285	293,206	(3,079)
Miscellaneous revenues		35,260	35,260	
Total Revenues	<u>528,811</u>	<u>675,536</u>	<u>675,536</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	929,213	569,202	569,202	
Debt service:				
Principal		318,962	318,962	
Interest		14,366	14,366	
Total Expenditures	<u>929,213</u>	<u>902,530</u>	<u>902,530</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(400,402)</u>	<u>(226,994)</u>	<u>(226,994)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			286,039	286,039
Transfers in			130,998	130,998
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>417,037</u>	<u>417,037</u>
Net Change in Fund Balance	(400,402)	(226,994)	190,043	417,037
Fund Balances - Beginning	<u>534,958</u>	<u>534,958</u>	<u>534,958</u>	
Fund Balances - Ending	<u>\$ 134,556</u>	<u>307,964</u>	<u>725,001</u>	<u>417,037</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

GREENE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bonds for Construction of Hospital 2011 Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 73,158	73,980	73,980	
Total Revenues	73,158	73,980	73,980	0
EXPENDITURES				
Current:				
Health and welfare		148,631	2,448,399	(2,299,768)
Conservation of natural resources		2,299,768		2,299,768
Total Expenditures	0	2,448,399	2,448,399	0
Excess of Revenues over (under) Expenditures	73,158	(2,374,419)	(2,374,419)	0
Net Change in Fund Balance	73,158	(2,374,419)	(2,374,419)	
Fund Balances - Beginning	3,990,772	3,990,722	3,990,722	
Fund Balances - Ending	\$ 4,063,930	1,616,303	1,616,303	0

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

GREENE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2013 UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	General Fund	District Five Road Fund	Bonds for Construction of Hospital 2011 Fund
Budget (Cash Basis)	\$ (253,537)	190,043	(2,374,419)
Increase (Decrease)			
Net adjustments for revenue accruals	(817,337)	215,174	5,394
Net adjustments for expenditure accruals	<u>872,142</u>	<u>(171,092)</u>	<u>(172,504)</u>
GAAP Basis	<u>\$ (198,732)</u>	<u>234,125</u>	<u>(2,541,529)</u>

GREENE COUNTY

SUPPLEMENTAL INFORMATION

GREENE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/Passed-through the Mississippi State Treasurer's Office Schools and roads-grants to states*	10.665	N/A	\$ <u>250,482</u>
U.S. Department of Agriculture/Passed-through the Natural Resources Conservation Service ARRA - Emergency Watershed Protection Program	10.923	68-4423-13-2372	<u>137,159</u>
Total U.S. Department of Agriculture			<u>387,641</u>
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety ARRA - Edward Byrne Memorial Justice Assistance Grant Program*	16.804	09ZN1211	<u>62,002</u>
U.S. Department of Transportation / Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 074 B	<u>21,840</u>
U.S. Department of Health and Human Services Administration for Community Living/Passed Through Mississippi Secretary of State Voting Access for Individuals with Disabilities	93.617	N/A	<u>5,263</u>
U.S. Department of Homeland Security/Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance	97.036	FEMA-4081-DR-MS	<u>94,217</u>
Total Expenditures of Federal Awards			\$ <u><u>570,963</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

GREENE COUNTY

OTHER INFORMATION

GREENE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Beat 1 Gary L Dearman	Supervisor District 1	Western Surety	\$100,000
Beat 2 William Morris Hill	Supervisor District 2	Ohio Casualty	\$100,000
Beat 3 Vince West	Supervisor District 3	Western Surety	\$100,000
Beat 4 Wayne Barrow	Supervisor District 4	Ohio Casualty	\$100,000
Beat 5 Harold Cook	Supervisor District 5	Ohio Casualty	\$100,000
Michelle Eubanks	Chancery Clerk	Ohio Casualty	\$100,000
Pearl Lavon Pringle	Purchase Clerk	Ohio Casualty	\$75,000
Angela Pearce	Receiving Clerk	Ohio Casualty	\$75,000
Harvey Grimes	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Dorothy Woods	Assistant Receiving Clerk	Western Surety	\$75,000
Anthony Pulliam	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Pascal Walters	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Roland Neel	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Patti Zehner	Inventory Control Clerk	Ohio Casualty	\$75,000
Harvey Grimes	Road Manager	Ohio Casualty	\$75,000
Dorothy Woods	Road Manager	Western Surety	\$75,000
Anthony Pulliam	Road Manager	Ohio Casualty	\$75,000
Pascal Walters	Road Manager	Ohio Casualty	\$75,000
Roland Neel	Road Manager	Ohio Casualty	\$75,000
Ryan Walley	Constable	Ohio Casualty	\$50,000
Josh Miller	Constable	Ohio Casualty	\$50,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	\$80,000
Renee Green	Deputy Circuit Clerk	Western Surety	\$50,000
Pertina Benjamin	Deputy Circuit Clerk	Western Surety	\$50,000
Stanley McLeod	Sheriff	Ohio Casualty	\$100,000
L Joe Beard	Justice Court Judge	Ohio Casualty	\$10,000
Wade Jeffrey Byrd	Justice Court Judge	Ohio Casualty	\$10,000
Rita Walley	Justice Court Clerk	Ohio Casualty	\$50,000
Brena Moreno	Deputy Justice Court Clerk	Ohio Casualty	\$50,000
Mark Holder	Tax Assessor-Collector	Ohio Casualty	\$100,000
Ashley Young	Deputy Tax Assessor-Collector	Ohio Casualty	\$50,000
Vonda Matthews	Deputy Tax Assessor-Collector	Western Surety	\$25,000
Tammy Kittrell	Deputy Tax Assessor-Collector	Western Surety	\$25,000

GREENE COUNTY

SPECIAL REPORTS

GREENE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Greene County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Greene County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 30, 2014. The report is qualified on the governmental activities, business-type activities, and the Solid Waste Fund because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America as required by accounting principles generally accepted in the United States of America .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greene County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2013-001, 2013-002, and 2013-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Greene County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 30, 2014, included within this document.

Greene County's Responses to Findings

Greene County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Greene County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 30, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Greene County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Greene County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Greene County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greene County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Greene County, Mississippi's compliance.

Basis for Adverse Opinion on Schools and Roads – Grants to States – CFDA #10.665

As described in the accompanying Schedule of Findings and Questioned Costs, Greene County, Mississippi did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Costs Principles, and Special Tests and Provisions that are applicable to its Schools and Roads – Grants to States federal program as described in item 2013-004 and 2013-005. Compliance with such requirements is necessary, in our opinion, for Greene County, Mississippi to comply with the requirements applicable to that program.

Adverse Opinion on Schools and Roads – Grants to States – CFDA #10.665

In our opinion, because of the significance of the effects of the noncompliance described in the Basis for Adverse Opinion paragraph, Greene County, Mississippi, did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Schools and Roads – Grants to States federal program for the year ended September 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Greene County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Greene County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greene County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-004 and 2013-005 to be material weaknesses.

Greene County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Greene County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 30, 2014



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Greene County, Mississippi

We have examined Greene County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Greene County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Greene County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors'

1. The County should maintain adequate capital asset subsidiary records.

Finding

Section 31-7-107, Miss. Code Ann. (1972) requires the County to develop and maintain an inventory control system. As reported in the prior ten years' audit reports, capital assets control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the

existence, valuation and completeness of capital assets. We noted the following deficiencies in the policies and procedures of the internal control structure for capital assets:

- a. The list of County capital assets did not agree to the indicated total assets values of prior years' balances.
- b. Net capital asset adjustments totaled \$3,098,658 (governmental) and \$12,525 (business-type) to reconcile to available County inventory listing.
- c. Observations during our test of additions revealed \$461,089 in (governmental) and \$69,600 (business-type) capital assets not included in the acquisition ledger.
- d. Construction in progress is not booked by the County for current fiscal year construction.
- e. Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.
- f. Observations during the audit existence and completeness test revealed that several assets were sold and were still on inventory while several other items were found in the field test that we could not locate on the inventory listing.
- g. Observation during the audit existence test revealed that there were several assets that did not have County decals on them.

Therefore, the Independent Auditor's Report on the Governmental Activities, Business-type Activities, and Solid Waste Fund financial statements is qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate control procedures to ascertain the historical and/or estimated cost of capital assets and to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines.

Board of Supervisors' Response

Inventory records are presently being reviewed for accuracy and to ensure all items are listed and coded for proper depreciation. Construction in progress will be prepared and used.

Purchase Clerk

2. The Purchase Clerk should maintain custody of supporting documentation of records.

Finding

Section 31-7-111, Miss. Code Ann. (1972), requires the Purchase Clerk to maintain custody of supporting documentation for purchases of the County and deems the documentation to be public record which shall be made available for inspection during reasonable hours to any person requesting the same. The Purchase Clerk failed to maintain custody of purchasing records. During our testing we were unable to locate 4 invoices for significant heavy equipment purchases. Failure to maintain custody of purchasing records could result in improper payments to vendors and inaccurate valuation of capitalized inventory.

Recommendation

The Purchase Clerk should maintain adequate control and custody of all purchasing documents as required by law.

Purchase Clerk's Response

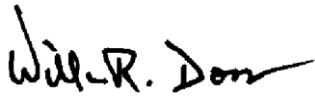
The Purchase Clerk will ensure accurate records are kept regarding purchasing, and that copies of all transactions are kept in her custody.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Greene County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Greene County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended for use in evaluating the central purchasing system and inventory control system of Greene County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss". The signature is written in a cursive, flowing style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 30, 2014

GREENE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

GREENE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/28/2012	Waste truck	\$ 191,190	Tri-State Truck Center	Primary garbage truck was wrecked and totaled
05/15/2013	Bridge repairs	\$ 22,580	Herring Construction	Bridge walls collapsed due to storms and flooding
05/15/2013	Road repairs	\$ 9,700	Herring Construction	Road washouts due to flooding
09/16/2013	Waste truck	\$ 69,600	Premier Truck Sales	Primary garbage truck was wrecked

GREENE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Greene County, Mississippi

In planning and performing our audit of the financial statements of Greene County, Mississippi for the year ended September 30, 2013, we considered Greene County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Greene County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 30, 2014, on the financial statements of Greene County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Sheriff

1. Inadequate internal controls were noted in the Sherriff's office.

Finding

An effective system of internal control should include an adequate segregation of duties and timely reconciliation of cash journals. As noted in audit procedures, the collection, recording, depositing and disbursement of funds are not adequately separated and the cash journal is not being reconciled. The bookkeeper collects, records, deposits, and disburses funds in the Sherriff's office. Failure to reconcile the cash journal timely and to adequately segregate duties in the Sheriff's office could result in the loss of public funds.

Recommendation

The Sheriff should implement effective internal control policies that allow for the proper segregation of duties regarding the collection, recording, disbursing, and reconciling of cash.

Sheriff's Response

Controls have been implemented with operating procedures to ensure a segregation of duties for dealing with all monies and reconciling cash and bank statements.

Justice Court Judge

2. The Justice Court Judges should be bonded for the proper amount.

Finding

Section 9-11-7, Miss. Code Ann. (1972), requires the Justice Court Judges to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Justice Court Judges' bonds were executed for \$10,000 each. This would limit the amount available for recovery if a loss occurred.

Recommendation

The Justice Court Judges should execute a current bond for \$50,000 as required by law.

Justice Court Judge's Response

These bonds have been executed and recorded in the amount of \$50,000 as required by law.

Circuit Clerk

3. The Circuit Clerk should be bonded for the proper amount.

Finding

Section 9-7-121, Miss. Code Ann. (1972), requires the Circuit Clerk to be bonded in an amount equal to 3% of the sum of all state and County taxes shown by the assessment rolls and levies to have been collectible in the County for the year immediately preceding the commencement of the term of office, not to exceed \$100,000. The Circuit Clerk's bond was executed for \$80,000. This would limit the amount available for recovery if a loss occurred.

Recommendation

The Circuit Clerk should execute a current bond for \$100,000 as required by law.

Circuit Clerk's Response

This bond has been executed and recorded for \$100,000 as required by law.

Board of Supervisors

4. Travel was reimbursed at excessive rates for some of the board members.

Finding

Section 25-3-41, Miss. Code Ann. (1972), requires that an employee of the County be reimbursed at a rate not exceeding that amount authorized for officers and employees of the State of Mississippi. Further, the statute states that funds advanced which are not expended during the travel shall be returned by the officer or employee. Testing of the County's compliance with section 25-3-41 revealed that the County did not comply with the statute during fiscal year 2013 as follows:

- a. Supervisor Hill was reimbursed for travel at a rate of \$.555/mile and \$.565/mile rather than \$.23/mile and \$.24/mile, respectively, when a County provided vehicle could have been utilized.
- b. Supervisor Hill was issued three advances to cover meal costs, however, he did not provide receipts for expenses or reimbursement for the remaining funds unused during travel.
- c. Supervisor West was reimbursed for travel at a rate of \$.555/mile rather than \$.23/mile when a County provided vehicle could have been utilized.

- d. Supervisor West was issued one advance to cover meal costs, however, he did not provide receipts for expenses or reimbursement for the remaining funds unused during travel.
- e. Supervisor Cook was reimbursed actual costs of \$ 144.27 for meals, however, he did not provide adequate documentation to support the costs.

The exceptions noted above resulted in overpayment in the form of travel reimbursements and advances to Supervisor Hill in the amount of \$1,240.11, Supervisor West in the amount of \$216.88, and Supervisor Cook in the amount of \$144.27

Recommendation

The respective Supervisors should reimburse the County for travel expenses received as a result of noncompliance with statute 25-3-41 of Miss. Code Ann. (1972).

Board of Supervisors' Response

Supervisor Hill and Supervisor Cook object to this finding. They would like to see facts surrounding the finding. They believe they can provide documentation showing these are legitimate expenses. Supervisor West repaid \$216.88 to Greene County on June 26, 2014, receipt # 16172.

Auditor's Note

The office clerk provided inadequate support to substantiate the travel expenses for Supervisor Hill and Cook. Upon further inquiry it was determined that there was no other supporting documentation available during testing of expenses. All supporting information provided by the clerks was turned over to the County for their review.

5. Accurate leave records are not maintained.

Finding

Section 25-3-97, Miss. Code Ann. (1972), states that all organizations shall keep accurate records of the leave accumulated and used by the officers and employees thereof and they shall include provisions which shall keep the employee informed on a monthly basis as to his accumulated leave balances. During our testing of payroll and related procedures we noted the following:

- a. The County does not maintain a uniform system of vacation and sick leave, with each department setting its own policies.
- b. The Payroll Clerk does not maintain leave records for all County employees.
- c. The Payroll Clerk does not properly use the payroll system to accumulate leave balances in order to accurately report employee leave balances on a monthly basis.

Due to the lack of adequate internal controls over compliance with this statute employees are receiving vacation leave in excess of that established by County policies and continued failure to establish and implement effective leave policies could result in the County overpaying an employee for leave benefits upon separation of employment.

Recommendation

The County should establish a uniform leave system and implement effective controls over the accumulation and reporting of leave benefits to all employees on a timely basis.

Board of Supervisor's Response

The Board is presently working to update the County Handbook which details the leave policy. The Payroll Clerk will maintain a system for leave accumulation and use.

6. Interest Income was not properly allocated among funds.

Finding

Section 19-9-29(c), Miss. Code Ann. (1972), states that any interest derived from investment of other bond proceeds or from investment of any bond and interest fund, bond reserve fund or bond redemption sinking fund shall be deposited either in the same fund from which the investment was made or in the bond and interest fund established for payment of the principal or interest on the bonds. Any interest derived from special purpose funds which are outside the function of general County government shall be paid into that special purpose fund. The County only recorded interest earned from the County's combined checking account in the General Fund instead of allocating interest across all pooled funds. Failure to prorate interest earned among the funds included in the combined checking account could result in the funds being spent for the wrong purpose.

Recommendation

The Comptroller should prorate the interest earned on the combined checking account among all funds that have cash in the checking account, as required by law.

Board of Supervisor's Response

The Comptroller will ensure the interest earned on the combined checking account is prorated as required by law.

7. The County's Cafeteria plan provider was not on the approved list of providers.

Finding

Section 25-17-9, Miss. Code Ann. (1972), requires that all cafeteria plan providers must be approved by the State Auditor in order to provide administrative cafeteria plan benefits. During our audit, we noted that the provider used by the County was not on the 2013 approved list of cafeteria plan providers. The use of a non-approved provider could expose the County to unknown legal liabilities.

Recommendation

The Board of Supervisors should ensure that their cafeteria plan administrator has been approved by the State Auditor and is listed on the approved list of providers.

Board of Supervisor's Response

The Board will ensure the cafeteria plan administrator has been approved by the State Auditor and is an approved provider.

8. The use of the one mill tax levy was not approved by the Mississippi Department of Revenue.

Finding

Section 27-39-329, Miss. Code Ann. (1972), does not allow the Board of Supervisors to spend the avails of the one mill special levy until the Mississippi Department of Revenue approval is obtained. As stated in the prior two years' audit reports, the Board of Supervisors spent the avails of the one mill special levy prior to the approval by the Mississippi Department of Revenue. Failure to maintain compliance with statutes could result in the misappropriation of public funds.

Recommendation

The avails of the one mill special levy should not be spent by the Board of Supervisors until approval has been obtained from the Mississippi Department of Revenue.

Board of Supervisor's Response

The one mill special levy will not be expended until proper approval has been obtained from the Mississippi Department of Revenue.

9. Retirement withholdings were not applied to all required employees.

Finding

Section 25-11-105, Miss. Code Ann. (1972), requires that all services that constitute employment as defined in this Code Section and are performed in the employment of the political subdivision or instrumentality, by any employees thereof, shall be covered by the plan (Retirement Plan). During our testing of payroll we noted that one official is being paid a full time salary with retirement while at the same time being employed by the County on a part time basis, with no retirement being withheld. Misclassification of employees could result in excess payments being paid to employees and unknown pension liabilities.

Recommendation

The payroll clerk should ensure that all employees are correctly classified and fringe benefits are being appropriately allocated to wages earned.

Payroll Clerk's Response

The Payroll Clerk is presently reviewing payroll records to ensure that all employees are properly classified and fringe benefits are being appropriately allocated to wages earned.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and dispositions are as follows:

Exception Issued On:

Morris Hill, District 2 Supervisor
Vince West, District 3 Supervisor
Harold Cook, District 5 Supervisor

Nature of Exception:

See Board of Supervisor's Finding # 4 described in this report.

Amount of Exception:

Morris Hill, District 2 Supervisor \$1,240.11
Vince West, District 3 Supervisor \$216.88
Harold Cook, District 5 Supervisor \$144.27

Disposition of Exception:

Except for the matter related to Vince West, in which the exception in the amount of \$216.88 was repaid with receipt # 16172 on June 26, 2014, this has been turned over to the Investigative Division of the Office of the State Auditor.

Greene County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 30, 2014

GREENE COUNTY

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GREENE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GREENE COUNTY

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GREENE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Qualified
Business-type activities	Qualified
General Fund	Unmodified
District Five Road Fund	Unmodified
Bonds for Construction of Hospital 2011 Fund	Unmodified
Solid Waste Fund	Qualified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs:
 - b. CFDA #10.665, Schools and roads – grants to states Adverse
 - c. CFDA #16.804, ARRA – Edward Byrne Memorial Justice Assistance Grant Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? Yes
7. Identification of major programs:
 - a. CFDA #10.665, Schools and roads – grants to states
 - b. CFDA #16.804, ARRA – Edward Byrne Memorial Justice Assistance Grant
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No

GREENE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2013-001. The County should maintain adequate capital asset subsidiary records

Finding

Effective internal controls over capital assets include developing and maintaining a complete and accurate inventory control system. As reported in the prior ten years' audit reports, capital asset control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of capital assets. We noted the following deficiencies in the policies and procedures of the internal control structure for capital assets:

- a. The list of County capital assets did not agree to the indicated total asset values of prior years' balances.
- b. Net capital asset adjustments totaled \$3,098,658 (governmental) and \$12,525 (business-type) to reconcile to available County inventory listing.
- c. Observations during the test of additions revealed \$461,089 in (governmental activities) and \$69,600 (business-type activities) capital assets not included in the acquisition ledger.
- d. Construction in progress was not booked by the County for the current fiscal year construction.
- e. Depreciation expense was not recorded for governmental activities and the maintenance of depreciation is inconsistent with the state guidelines.
- f. Observations during the audit existence and completeness test revealed that several assets were sold and were still on the County's inventory records while several other items found in the field test could not be located on the County's inventory records.
- g. Observation during the audit existence test revealed that there were several assets that did not have County decals on them.

Therefore, the Independent Auditor's Report on the Governmental Activities, Business-type Activities and Solid Waste Fund financial statements is qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate control procedures to ascertain the historical and/or estimated cost of capital assets and to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines.

GREENE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Board of Supervisors

Material Weakness

2013-002. Inadequate internal controls over reporting restricted cash accounts was noted.

Finding

Adequate internal control procedures regarding restricted cash accounts and proceeds from bonded debt include proper recording of cash accounts in the general ledger and timely reconciliations of the accounts. As noted in the prior year's audit report, the Comptroller is not recording the restricted cash accounts in the general ledger or reconciling the balances of these accounts. As a result of audit procedures, we observed that the Debt Service Reserve and the Capitalized Interest Funds with balances of \$377,661.16 and 93,881.84, respectively, were not properly recorded in the general ledger or reconciled to the monthly statements. Adjustments were proposed to management and made to properly reflect the amounts in the financial statements. Without adequate internal controls in place over restricted cash accounts, inaccurate information may be reported and a loss or misappropriation of public assets could occur.

Recommendation

The County should implement internal controls that include the recording of all restricted cash accounts bearing the County's name as well as reconcile those accounts in a timely manner.

Board of Supervisors

Material Weakness

2013-003. Inadequate internal controls over recording of revenues was noted.

Finding

An effective system of internal controls should include accurate recording of revenues in accordance with the Mississippi Financial Accounting Manual. As reported in the prior year's audit report, numerous reclassifying journal entries were made to post revenues to the correct general ledger account. Without adequate controls in place over the recording of revenues, the risk increases that inaccurate information may be reported and loss or misappropriation of public assets could occur.

Recommendation

The County should implement internal controls that include the comptroller following the Mississippi Financial Accounting Manual in the recording of revenues.

GREENE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 3: Federal Award Findings and Questioned Costs

2013-004. The County should establish controls to ensure Title III funds are only expended for authorized purposes.

10.665 Schools and Roads – Grants to States
Grant number: N/A, U.S. Department of Agriculture – Forest Service/
Passed-through the Mississippi Department of Treasury

Material Weakness
Material Noncompliance

Questioned Costs: \$30,980.04

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Finding

The OMB Circular A-133 Compliance Supplement 2013 and U.S. Code, Title 16, Section 7142, specify these funds shall only be used by a participating County to (1) carry out activities under the Firewise Communities program to provide to homeowners in fire-sensitive ecosystems education on, and assistance with implementing techniques in home siting, home construction, and home landscaping that can increase the protection of people and property from wildfires; (2) reimburse the participating County for search and rescue and other emergency services, including firefighting, that are performed on Federal land, after the 45-day comment period and paid for by the participating County; and (3) develop community wildlife protection plans in coordination with the Secretary of Agriculture. During our audit testing procedures, we noted that the County receipted \$30,980.04 of National Forest Title III payments into the County's General Fund. These funds were expended on various transactions, none of which were for the authorized purposes, as required by law due to the lack of internal controls related to the segregation of federal Title III funds. Failure to expend funds for allowable purposes resulted in these expenditures being reported as questioned costs and could result in the County being required to repay these funds to the federal government.

GREENE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Recommendation

The Board of Supervisors should notify the U.S. Department of Agriculture - Forest Service that the County did not satisfy the requirements under activities allowed or unallowed and allowable costs/costs principles. The County should seek resolution from the Forest Service regarding the repayment of the misused Title III funds. In addition, the Board of Supervisors should implement adequate internal controls to ensure that the County satisfies the compliance requirement for activities allowed or unallowed and allowable costs/cost principles with respect to Title III funds received.

2013-005. The County should establish controls to ensure that an annual certification is submitted to the Secretary of Agriculture.

10.665 Schools and Roads – Grants to States

Grant number: N/A, U.S. Department of Agriculture - Forest Service/
Passed-through the Mississippi Department of Treasury

Material Weakness

Material Noncompliance

Compliance Requirement: Special Tests and Provisions

Finding

The Secure Rural Schools and Community Self-Determination Act of 2000 (the Act) requires the appropriate official of a County that receives funds under Title III of the Act to submit to the Secretary of Agriculture an annual certification that the funds have been expended for the uses authorized under Section 302(a) of the Act, including a description of the amounts expended and their uses. Certification is to be made by February 1st of the year following the year in which the Title III expenditures were made. The certification also must include the amount of Title III funds not obligated by September 30th of the previous year. The County did not submit an annual certification to the Secretary of Agriculture, outlining the Title III funds that had been expended during the year, as well as the description of the amounts expended and their uses, and the amounts of unobligated funds as of September 30th. This noncompliance resulted from the County's lack of internal controls over the certification requirement. Failure to submit an annual certification to the Secretary of Agriculture could result in the funds not being used for allowable purposes.

Recommendation

The Board of Supervisors should implement the necessary internal controls to ensure that the County submits an annual certification to the Secretary of Agriculture by February 1st of the year following the year in which Title III expenditures were made and include the amount of Title III funds that were not obligated by September 30th of the previous year, as required.

GREENE COUNTY

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GREENE COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

GREENE COUNTY

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GREENE COUNTY

MISSISSIPPI

Office of the Board of Supervisors

Gary L. Dearman - District One
W. Morris Hill - District Two
Vince West - District Three
Wayne Barrow - District Four
Harold Cook - District Five
Cook & Walley, PLLC - Attorney

October 6, 2014

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

To Whom it May Concern:

Greene County respectfully submits the following corrective action plan for the year ended September 30, 2013.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2013-001 Corrective Action Planned:

The County is presently reviewing records for accuracy and completeness. Construction in progress reports will be prepared and used.

Anticipated Completion Date:

January 30, 2015

Name of Contact Person Responsible for Corrective Action:

Tyson Moreno, Comptroller (601) 394-2394
Patti Zehner, Inventory Clerk (601) 394-2377

2013-002 Corrective Action Planned:

The County will implement controls to ensure that all restricted cash accounts are recorded properly. This has already begun and will be done consistently from this point forward.

Anticipated Completion Date: September 30, 2014

Separate funds have already been created to correct this issue. This will continue to be done consistently.

Name of Contact Person Responsible for Corrective Action:

Tyson Moreno, Comptroller (601) 394-2394

2013-003 Corrective Action Planned:

The County will ensure MS Financial Accounting Manual is followed for all recording procedures.

Anticipated Completion Date: September 30, 2014

This has already begun and will be followed consistently.

Name of Contact Person Responsible for Corrective Action:

Tyson Moreno, Comptroller (601) 394-2394

SECTION 3: FEDERAL AWARD FINDINGS

2013-004 Corrective Action Planned:

The County has ensured that a separate fund has been set up to record deposits of these monies and to ensure they are expended on only allowable costs. The County will continue to adhere to this plan.

Anticipated Completion Date: June 30, 2014

Name of Contact Person Responsible for Corrective Action:

Tyson Moreno, Comptroller (601) 394-2394

2013-005 Corrective Action Planned:

The County will ensure that the certification is made by February 1 reporting monies spent and those not obligated.

Anticipated Completion Date:

February 1, 2015

Name of Contact Person Responsible for Corrective Action:

Tyson Moreno, Comptroller (601) 394-2394